

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE NOTICE OF PURCHASED GAS)	
ADJUSTMENT FILING OF BELFRY)	CASE NO. 7341-PP
GAS, INC.)	

O R D E R

On July 19, 1979, the Commission issued its Order in Case No. 7341 approving certain adjustments in rates and providing under certain conditions for the further adjustment of such rates when the wholesale cost of gas is increased or decreased or a refund is received.

On May 16, 1989, Belfry Gas, Inc. ("Belfry") notified the Commission that its wholesale cost of gas had been decreased by its supplier, Columbia Gas Transmission Corporation ("Transmission"), effective May 1, 1989, and submitted with its notice certain information in compliance with its purchased gas adjustment ("PGA") clause on file with this Commission.

After reviewing the record in this case and being advised, the Commission is of the opinion and finds that:

(1) Belfry's notice of May 16, 1989 set out a wholesale decrease in price from its supplier in the amount of \$872 or 1 cent per Mcf.

(2) Belfry adjusted its change in wholesale rates to reflect allowed line loss recovery of 5 percent. In making this

adjustment, however, Belfry subtracted line loss from the decrease instead of adding it. This had no affect on Belfry's proposed retail rates; any differences caused by this error were negated by rounding. The appropriate methodology, however, is to add 5 percent to the change in wholesale rates.

(3) Transmission applied with the Federal Energy Regulatory Commission for decreased rates to become effective May 1, 1989.

(4) Belfry's adjustment in rates under the purchased gas adjustment provisions approved by the Commission in its Order in Case No. 7341 dated July 19, 1979 is fair, just, and reasonable and in the public interest and should be effective with gas supplied on and after May 1, 1989.

(5) Belfry should report to this Commission the amount of any excess revenues collected between May 1, 1989 and the date the proposed rates are implemented, along with a refund plan.

IT IS THEREFORE ORDERED that:

(1) The rates in the Appendix, attached and incorporated hereto, are fair, just, and reasonable and are approved effective with gas supplied on and after May 1, 1989.

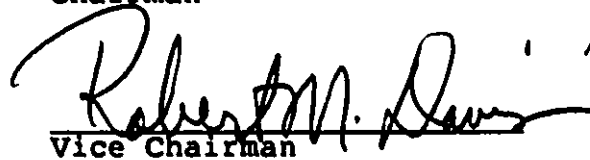
(2) Within 30 days of the date of this Order, Belfry shall file with this Commission its revised tariffs setting out the rates authorized herein.

(3) Within 20 days of the date of this Order, Belfry shall file with this Commission the amount of any excess revenues collected, along with a refund plan.

Done at Frankfort, Kentucky, this 6th day of June, 1989.

PUBLIC SERVICE COMMISSION


Chairman


Vice Chairman


Commissioner

ATTEST:

Executive Director

APPENDIX

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE COMMISSION
IN CASE NO. 7341-PP DATED June 6, 1989

The following rates are prescribed for the customers served by Belfry Gas, Inc. All other rates and charges not specifically mentioned herein shall remain the same as those in effect under authority of this Commission prior to the date of this Order.

RATES: Monthly

First 1,000 cu. ft.	\$7.73 Minimum Bill
Over 1,000 cu. ft.	5.22 per 1,000 cu. ft.

The base rate for the future application of the purchased gas adjustment clause of Belfry Gas, Inc. shall be:

	<u>Commodity</u>
Columbia Gas Transmission Corporation Schedule SGS	\$3.8952 per Mcf